



NFIB-Maryland – 60 West St., Suite 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: House Economic Matters Committee

FROM: NFIB – Maryland

DATE: January 15, 2021

RE: **SUPPORT HOUSE BILL 395** – Business Regulation – Home Improvement Contracts - Deposits

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland’s small businesses, NFIB supports House Bill 395 – legislation that would allow home improvement contractors to receive a deposit of up to one-half of a contract price before or at the time of execution of a contract.

Current law allows a contractor to receive a deposit of up to one-third of the contract price.

For contractors, particularly those in the home improvement industry, cash is the life blood of their business. Contractors must put up cash for various items related to a contract – materials, sub-contractors, equipment rental, etc. The current limitations simply do not match the needs of the industry especially given the realities of the current economy. Distributors are requiring more up front from contractors as supplies are limited because of supply line disruptions brought about by the COVID-19 pandemic.

HB395 still protects the consumer. Customers will still be able to settle contract disputes via the Maryland Home Improvement Commission or the Attorney General’s Office. Further, there is nothing in HB395 barring a consumer and contractor from negotiating different payment terms. This is simply enabling legislation.

For these reasons, **NFIB supports HB395**. This bill is a positive step in helping small businesses increase their cash flow and attract more customers.